weekly economic review

February 14, 2014

Housing Starts

Good start to 2014

Alberta registered 39,200 housing starts (seasonally adjusted at annual rates - SAAR) in January, a strong beginning to the year, and an improvement from the 36,000 in 2013. Starts were particularly strong in Calgary, surpassing 15,000 (SAAR) for only the third time since the spring of 2008. Edmonton starts came in weaker at 11,500 (SAAR), which is below the city's two year average.

Nationally, housing starts dropped to 180,200 (SAAR), its lowest level since April 2013.

Resale Home Market

Prices gain momentum to start the year

Alberta resale home prices jumped in January, by 1.6% over December and by 7.3% year-over-year (y/y). Calgary home prices gained 1.4% over December, while Edmonton prices were down 0.5%. The divergent price paths coincided with a drop in the sales-to-new-listing ratio in Edmonton, which is now just above balanced market territory at 0.61. In contrast, Calgary's market remains firmly entrenched in sellers' territory at 0.75.

New Housing Price Index (NHPI)

Growth slows

The Alberta NHPI saw its weakest increase in six months in December, rising by 2.9% y/y. While Calgary registered its fifth straight month of over 6% growth, the index for Edmonton posted a decline of 0.2%, the first drop since the spring of 2010.

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Construction Price Indexes

Cost increases remain contained

Construction cost increases in Alberta's two major cities were subdued in the fourth quarter of 2013, continuing a year-long trend of low cost inflation. Apartment construction costs in Edmonton and Calgary increased by an average of 1.7% y/y, while non-residential construction costs increased 1.3%. Both indexes have been below 2% growth in each of the last four quarters.

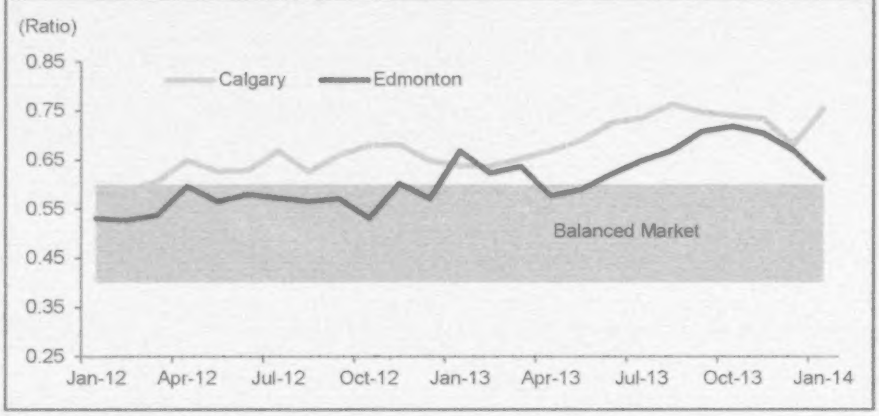
On an annual basis, apartment construction costs increased 1.4%, well below growth rates from the last two years. Non-residential construction costs increased at a slightly slower pace of 1.2%, the weakest increase since 2013.

Manufacturing Shipments

Machinery shipments expand

Alberta's manufacturing shipments recorded decent growth in December, rising 4.8% y/y. For the year as a whole, shipments were up by 1.8% in 2013, compared with a 0.5% national decline. Robust growth in petroleum and coal shipments continued, rising 7.2% y/y in December and capping out 2013 for annual growth of 3.7%. Machinery shipments were up a whopping 35% in December. However, despite five straight months of year-over-year growth, annual growth for 2013 was -2.4% owing to a weak handoff from late 2012

Sales-to-new-listing ratio



Source: Canadian Real Estate Association

Closing Price	Feb 6, 2014	Feb 13, 2014	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	90.37	91.07	95.64
WTI Oil ($US/bbl)	97.84	100.35	98.77
NYMEX Natural Gas($US/MMBtu)	4.93	5.22	3.93

Alberta Economic Indicators

Population	2012	2013	2014YTD	Aug	Sept	Oct	Nov	Dec	Jan
Population (000's)	3,889	4,025	4,061	..	..	4,061	..	..	..
y/y % change	2.6	3.5	3.5	..	..	3.5	..	..	..
Net Interprovincial Migration[1]	27,652	52,677	10,269	..	..	10,269	..	..	..
Net International Migration[1]	40,842	52,551	16,436	..	..	16,436	..	..	..
Net Non permanent Residents[1]	10,085	19,560	8,213	..	..	8,213	..	..	..
Labour Market									
Employment (000's), SA	2,149	2,211	2,243	2,231	2,236	2,235	2,246	2,237	2,243
y/y % change	2.6	2.8	3.2	3.8	3.8	3.5	3.5	3.1	3.2
Unemployment Rate (%), SA	4.6	4.6	4.6	4.8	4.4	4.5	4.7	4.8	4.6
Participation Rate (%), SA	73.4	73.1	72.8	73.5	73.1	73.0	73.3	72.9	72.8
Average Weekly Earnings ($), SA	1,072.98	1,108.34	..	1,110.83	1114.41	1126.96	1131.40	..	..
y/y % change	3.6	3.2	..	0.8	2.6	3.3	3.7	..	..
Price Indices									
Consumer Price Index (y/y % change)	1.1	1.4	..	1.4	1.3	1.0	1.7	2.1	..
Excluding food and energy	1.4	1.4	..	1.6	1.5	1.6	1.5	1.9	..
NEW! Non-Res. Building Cons. Price Index[2] (y/y % change)	3.8	1.2	..	..	1.2	..	..	1.3	..
Farm Product Price Index (y/y % change)	6.3	4.4	..	2.5	2.5	..	..	..	..
Crops	6.7	4.7	..	4.2	6.0	..	..	..	..
Livestock	5.9	3.9	..	7.0	10.0	..	..	..	..
Household Sector									
NEW! Housing Starts (SAAR, 000's)	33.3	36.1	39.2	29.3	31.2	38.1	43.7	36.2	39.2
y/y % change	30.7	8.2	27.7	-1.0	-8.2	14.2	10.0	19.0	27.7
NEW! New Housing Price Index[3] (y/y % change)	1.6	2.8	..	3.3	3.1	3.0	3.1	2.9	..
Edmonton	0.9	0.5	..	0.8	0.2	0.3	0.0	-0.2	..
Calgary	1.7	5.3	..	6.1	6.3	6.1	6.5	6.1	..
NEW! MLS Average Resale Prices ($ 000's)	362.0	380.2	397.3	388.1	383.4	381.5	388.6	389.7	397.3
y/y % change	2.6	5.0	4.5	7.0	7.5	3.9	5.3	4.7	7.3
Edmonton ($ 000's)	332.7	343.8	355.0	347.0	347.5	339.2	347.2	356.9	355.0
y/y % change	2.6	3.3	4.5	4.2	6.2	1.4	2.5	5.3	6.2
Calgary ($ 000's)	410.8	436.6	455.8	441.3	439.0	439.8	449.3	449.5	455.8
y/y % change	2.2	6.3	4.4	8.1	8.5	4.2	7.7	4.5	5.8
Retail Sales, SA (y/y % change)	6.9	6.5	..	5.9	6.5	6.7	6.8	..	..
NEW! New Motor Vehicle Sales (y/y % change)	10.5	6.2	..	7.0	2.1	6.5	5.3	7.9	..
Consumer Bankruptcies	5759	4405	..	379	375	383	323	..	..
y/y % change	-18.1	-18.6	..	-16.5	-10.9	-21.7	-23.1	..	..
Business Sector									
Rigs Drilling	250	235	392	239	251	239	233	259	392
y/y % change	-12.6	-5.9	67	7.0	9.6	1.0	-9.8	-9.9	67
Goods Exports, customs based (y/y % change)	2.9	6.9	..	6.7	13.5	16.5	10.7	13.7	..
Energy	3.8	9.3	..	11.3	21.1	22.6	13.6	20.3	..
Farm, Fishing and Intermediate Food	20.6	-8.2	..	-24.2	27.5	-14.4	3.6	-17.6	..
Farm Cash Receipts (quarterly, y/y % change)	14.1	2.1	..	..	-3.4	..	..	..	..
NEW! Manufacturing Shipments, SA (y/y % change)	3.4	1.8	..	7.7	1.0	5.6	6.3	4.8	..
Wholesale Trade, SA (y/y % change)	10.9	2.5	..	1.8	1.6	5.1	1.5	..	..
Building Permits, SA (y/y % change)	14.8	18.8	..	1.1	29.9	22.3	0.0	17.8	..
Residential	18.2	19.1	..	-5.9	39.5	37.6	18.7	25.4	..
Non-residential	10.7	18.2	..	12.3	14.7	2.4	-20.4	8.8	..
Business Bankruptcies	230	123	..	7	13	15	8	..	..
y/y % change	-12.9	-42.5	..	-30.0	-38.1	-16.7	-46.7	..	..

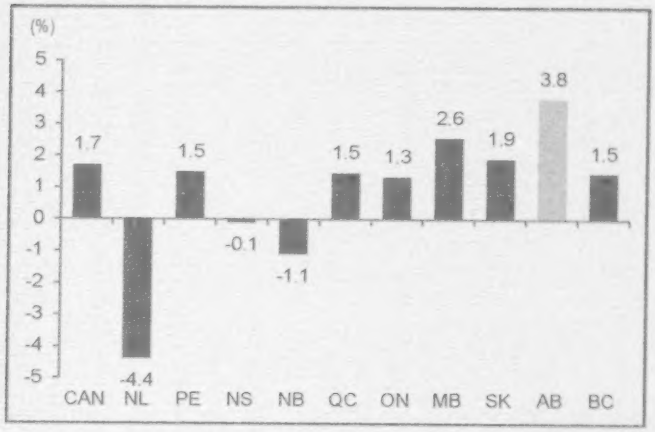
1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

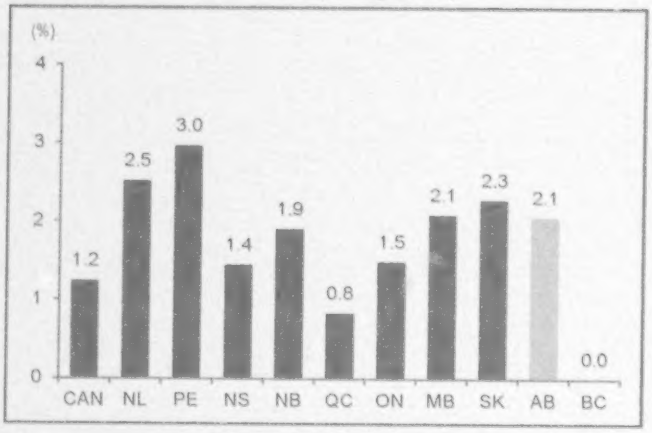
All historical data are subject to revision.

Economic Indicators by Province

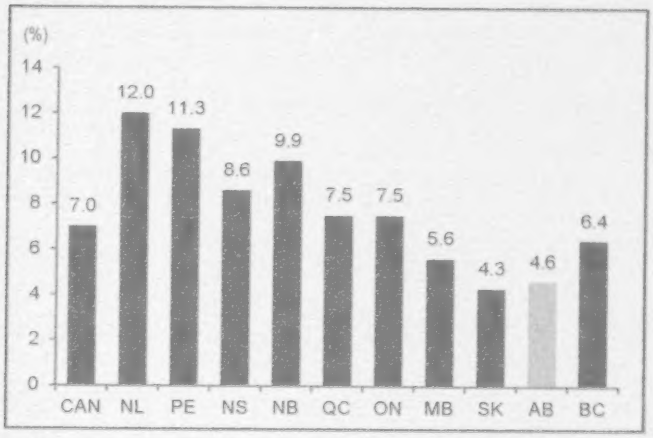
Real GDP at Market Prices
(2012, year-over-year growth)



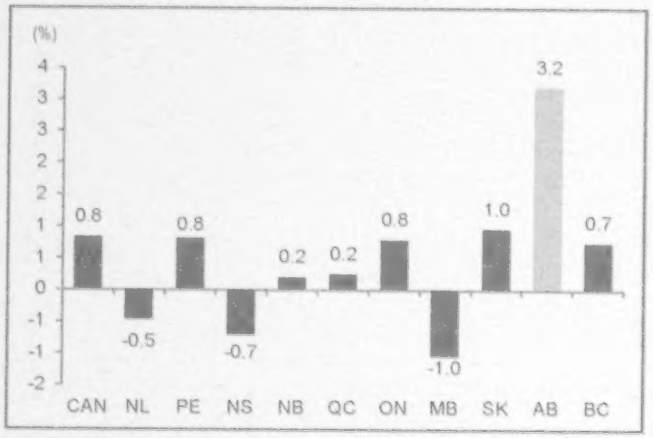
CPI Inflation
(December 2013, year-over-year growth)



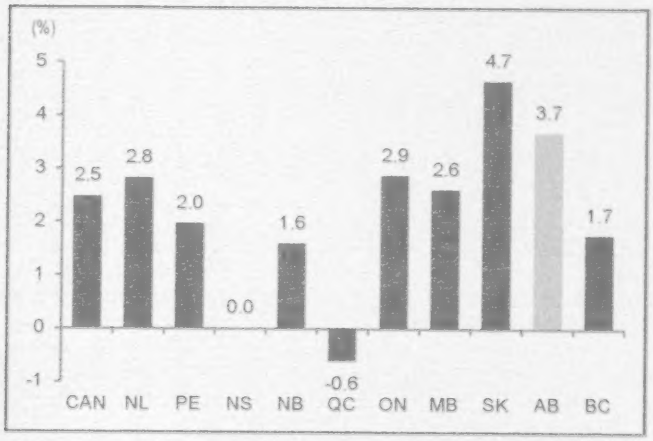
Unemployment Rate
(January 2014)



Employment
(January 2014, year-over-year growth)



Average Weekly Earnings
(November 2013, year-over-year growth)



Housing Starts
(January 2014, SAAR, year-over-year growth)